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JOYCE CROSTHWAITE
Executive Officer

May 10, 2006

TO: Local Agency Formation Commission

FROM: Executive Officer

SUBJECT: Third Quarter Budget Report

Attached is a budget report for the first ten months (July through April) of Fiscal Year 2005-2006. Budget updates are provided to the Commission to allow tracking of agency costs and revenues throughout the fiscal year.

For the first six months of FY 2005-2006, overall revenues are at approximately 103% of the projected budget for the year. Revenues are up due to the new LAFCO fee schedule as well as the submittal of unanticipated projects.

Overall expenses are at 69% of the budget; the targeted level is approximately 75%. However, several individual line items exceed targeted levels. The first, "Meeting Expenses", which includes conference costs, is 84% expended. Since costs for the CALAFCO conference and other associated training have been generally expended, this line item will remain relatively static for the remainder the year. For example, in the previous quarterly budget report, this line item was at 82%.

The second line item which exceeds the targeted level is "Public Noticing" which is now at 198% of the projected budget amount. This is partially the result of costs associated with the preparation of MSRs and sphere of influence updates initiated by LAFCO. Some public noticing costs, associated with specific projects submitted to LAFCO, are now charged to applicants under the new fee schedule.

"Postage and Delivery" costs are at 92% of targeted levels; these costs have remained static since staff began making all staff reports available to outside persons and agencies through our agency website.

The fourth item which exceeds the targeted level is "Legal/Professional Services" which is at 88% of the targeted level. The costs are associated with the Tonner Hills annexation to the City of Brea. Finally the Rent/Maintenance line item is at 92% and is due to repairs to the LAFCO offices.

The next budget update is scheduled for August of 2006 and will be the end of the fiscal year report.

STAFF RECOMMENDATION

Staff recommends that the Commission:

- 1) Receive and file the May 10, 2006 budget report.

Respectfully submitted,

JOYCE CROSTHWAITE